

Message Text

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44

ACTION EB-07

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FOR USDEL MTN GENEVA

E.O. 11652: N/A

TAGS: ETRD

SUBJ: MULTILATERAL TRADE NEGOTIATIONS (MTN) -- COUNTRY PROFILES,
PART TWO OF FOUR PARTS

REF: STATE 181868

THIS TRANSMITS THE PROPOSED DRAFT FOR ITEM THREE,
"COUNTRY POLICIES AND MECHANISM TO ACHIEVE TRADE
OBJECTIVES":

"A. PAKISTAN'S BASIC POSTURE IS LIKELY TO BE ONE OF
ASKING FOR CONCESSIONS AND GIVING NOTHING OR LITTLE
IN RETURN. PAKISTAN WILL PROBABLY ARGUE THAT AS A
DEVELOPING COUNTRY IT IS ENTITLED TO GSP TREATMENT.
THE TARIFF AND NTB PROTECTION IT ACCORDS ITS TEXTILE
AND OTHER INDUSTRIES WILL BE EXPLAINED AS NECESSARY
FOR INFANT-INDUSTRY REASONS.

"B. ACCORDING TO GOP COMMERCE MINISTRY OFFICIALS,
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PAKISTAN HAS TWO MAIN AREAS OF CONCERN IN THE MTN:

REDUCTIONS OF BARRIERS IN PRIMARY COMMODITY TRADE; AND ELIMINATION OF DEVELOPED-COUNTRY QUOTAS AND SPECIAL AGREEMENTS IN THE TEXTILE SECTOR. ON THE FORMER, PAKISTAN SEEKS TARIFF REDUCTIONS AND ELIMINATION OF OTHER TRADE BARRIERS ON ALL PRIMARY COMMODITIES LISTED IN TARIFF ITEMS 1 THROUGH 24. THE GOP HAS NOT IDENTIFIED PARTICULAR ITEMS OR BARRIERS OF SPECIAL INTEREST TO IT. IT PLANS TO INSTRUCT ITS DELEGATION TO SUPPORT GENERALLY ALL REDUCTIONS PROPOSED BY OTHER COUNTRIES.

"C. REGARDING THE SECOND AREA OF CONCERN, TEXTILE QUOTAS AND AGREEMENTS, THE GOP DOES NOT WANT THE INTERNATIONAL TEXTILE AGREEMENT EXTENDED BEYOND ITS PRESENT TERMINATION DATE IN 1977. THIS IS PERHAPS THE SINGLE MOST IMPORTANT PAKISTANI TRADE POLICY OBJECTIVE.

"D. IN THE SECTORS OF MANUFACTURES AND SEMI-MANUFACTURES, THE PAKISTANI DELEGATION WILL HAVE DESCRIPTORY POWERS TO ADOPT AD HOC POSITIONS AS POINTS ARISE BUT IN GENERAL ITS POSITION WILL BE ONE OF SUPPORTING REDUCTIONS PROPOSED BY OTHERS. THE GOP EXPECTS THAT THE PRINCIPAL NEGOTIATIONS IN THESE SECTORS WILL TAKE PLACE AMONG DEVELOPED COUNTRIES. ITS PRINCIPAL INTEREST IS IN GSP AND WOULD LIKE TO SEE ITS SCOPE ENLARGED. PAKISTAN RECOGNIZES THAT IF THE MTN RESULTS IN LOWER TRADE BARRIERS IN MANUFACTURES AND SEMI-MANUFACTURES, THIS WILL DILUTE ANY ADVANTAGE ACCRUING TO PAKISTAN FROM GSP. PAKISTAN IS, HOWEVER, PREPARED TO ACCEPT THIS AND WILL NOT OPPOSE GENERALIZED REDUCTIONS.

"E. THE PRINCIPAL 'CONCESSION' PAKISTAN MAY OFFER IS A COMMITMENT TO CONTINUE ITS THREE-YEAR OLD POLICY OF GRADUAL LIBERALIZATION OF ITS EXCHANGE AND TRADE SYSTEM. THE PACE OF THIS LIBERALIZATION HAS, HOWEVER, SLOWED DOWN, AND OVER THE PAST YEAR THE NET LIBERALIZATION EFFECT OF IMPORT POLICY CHANGES WAS PROBABLY ZERO.

"F. IMPORTS ARE REGULATED BY A COMPLICATED SYSTEM OF EXCHANGE CONTROL, IMPORT LICENSING, TARIFFS AND OTHER DUTIES, AND NTB'S. THOSE ITEMS WHICH MAY BE IMPORTED ARE CLASSIFIED INTO TWO LISTS: A FREE LIST LIMITED OFFICIAL USE

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AND A TIED LIST. ITEMS ON THE FREE LIST (382) MAY BE PROCURED UNDER GENERAL IMPORT LICENSES BY THE PRIVATE SECTOR. ITEMS ON THE TIED LIST (30) MAY IN PRINCIPLE BE PROCURED ONLY FROM TIED AID AND BARTER TRADE SOURCES. A HANDFUL OF ITEMS ARE IMPORTED ONLY BY THE GOVERNMENT AGENCIES. ITEMS NOT ON THESE LISTS ARE BANNED FROM IMPORT. MANY ITEMS MANUFACTURED IN PAKISTAN, SUCH AS COTTON YARN AND TEXTILES, ARE SO

BANNED, AND OCCASIONALLY THE PRESS CARRIES A COMPLAINT THAT THIS PROTECTION OF LOCAL INDUSTRY HAS NOT ENHANCED QUALITY PRODUCTION OR EFFICIENCY. IMPORT SUBSTITUTION CONTINUES TO BE A MAJOR ECONOMIC GOAL OF THE GOVERNMENT.

"G. IN ADDITION TO CONTROLS OVER WHAT MAY OR MAY NOT BE IMPORTED, THE GOVERNMENT OFTEN RAISES OR LOWERS 'REGULATORY' OR 'IMPORT' DUTIES ON IMPORTS FOR PURPOSES OF PROTECTION, REVENUE, OR LIMITING IMPORTS FOR BALANCE-OF-PAYMENTS REASONS. FOR EXAMPLE, WITHIN THE LAST TWELVE MONTHS, THE GOP IMPOSED DUTIES ON IMPORTED RAYON AND OTHER MAN-MADE FIBERS, IN ORDER TO PROTECT THE DOMESTIC RAYON FIBER INDUSTRY. FOR BALANCE-OF-PAYMENTS AND REVENUE REASONS, A REGULATORY DUTY OF TWENTY-FIVE PERCENT WAS IMPOSED IN FEBRUARY 1975 ON TWENTY-TWO 'RELATIVELY LESS ESSENTIAL ITEMS' SUCH AS AUTOMOBILES."
BYROADE

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